



# Cleveland District Office News

*Information for the Small Business Community*

May 2008

## U.S. Small Business Administration Cleveland District Office

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### For More Information SBA Home Page: [www.sba.gov](http://www.sba.gov)

- For the office nearest you, look under "U.S. Government" in your telephone directory, or call the SBA Answer Desk.
- SBA Answer Desk: 1-800 U ASK SBA
- E-mail: [answerdesk@sba.gov](mailto:answerdesk@sba.gov)

## LOAN REPORT as of April 30, 2008

### Total Loan Volume – APRIL 2008 (7(a) and 504 Combined)

Bank	Number of Loans	Dollars (In Thousands)
Huntington National Bank	118	\$25,882
National City Bank	111	\$11,838
Charter One Bank/RBS Citizens	97	\$4,675
JP Morgan Chase Bank	77	\$11,289
FirstMerit Bank	63	\$12,728

### 504 Loans

Bank	Number of 504s
Huntington National Bank	11
FirstMerit Bank	9
National City Bank	7
JP Morgan Chase Bank	5
KeyBank	4

CDC	Number of Approvals	Dollars (In Thousands)
Growth Capital Corp.	22	\$6,924
Cascade Capital Corp.	10	\$9,395
Lake County SBAC	9	\$2,780
Community Capital Dev. Corp.	7	\$4,366
Stark Dev. Board Finance Corp.	4	\$970
Horizon Certified Dev. Co., Inc.	3	\$2,563
Mahoning Valley Economic Dev Corp	3	\$1,880
Mentor Economic Assistance Corp.	3	\$372
Ohio Statewide, Inc.	3	\$3,094
SEM Resource, Inc.	2	\$2,455
Northwest Ohio Dev. Assistance Corp.	1	\$343
West Central Partnership	1	\$115

## NEWS FOR OUR LENDING PARTNERS

### *Change in effective date for SOP 50 10(5)*

SBA Information Notice 5000-1053 announced that SOP 50 10, which covers 7(a) and 504 loan processing as well as the requirements to become and remain a 7(a) lender ("Lender") or a Certified Development Company ("CDC"), has been completely re-written and is being issued as SOP 50 10(5). Notice 5000-1053 also explained that SOP 50 10(5) would be effective May 1, 2008. In response to lender requests for additional time to review and implement the revised SOP 50 10(5), we are changing the effective date to June 15, 2008.

The new SOP was made available to the public on March 20, 2008, to permit Lenders and CDCs an opportunity to become familiar with and comment on the revised SOP. In addition, staff from the Office of General Counsel and the Office of Financial Assistance met with Lenders and CDCs in eight different locations across the country to discuss clarifications and changes to the SOP and to give Lenders and CDCs an opportunity to raise concerns. While there were many questions and comments, overall the SOP was favorably received, especially its new, concise format and its search capabilities.

As a result of those meetings, SBA has identified certain technical changes to the SOP that should be made prior to the SOP becoming effective. The lending community has requested an extension to the effective date of the SOP for further review and implementation and, as a result, SBA is extending the effective date to June 15, 2008. Lenders, CDCs and other interested parties are reminded that any questions and comments regarding the new SOP are to be e-mailed to SBA at [SOP50-10Modernization@sba.gov](mailto:SOP50-10Modernization@sba.gov). (The revised SOP may be found at <http://www.sba.gov/tools/resourcelibrary/sops>.)

Lenders and CDCs are also reminded that the requirements under SOP 50 10(5) will apply to all applications received by SBA on or after the June 15, 2008, effective date.

### *SBAExpress Loans May be Used for Energy Efficiency and Renewable Energy Purposes*

As a result of Section 1201 of the Energy Independence and Security Act of 2007, SBA is clarifying that SBAExpress loan proceeds may be used to finance the purchase of a renewable energy system or to carry out an energy efficient project that involves the installation or upgrading of equipment that results in a significant reduction in the borrower's energy usage (Section 7(a)(31) of the Small Business Act). As with other SBAExpress loans, these loan proceeds must be used for purposes related to the operation of the business.

The term "renewable energy system" means a system of energy derived from a wind, solar, biomass (including biodiesel) or geothermal source or hydrogen derived from biomass or water using an energy source such as wind, solar, biomass (including biodiesel) or geothermal source. Biomass means any organic material that is available on a renewable or recurring basis, including: agricultural crops; trees grown for energy production; wood waste and wood residues; plants (including aquatic plants and grasses); residues; fibers; animal wastes and other waste materials; fats; oils; and, greases (including recycled fats, oils, and greases). Biomass does not include paper that is commonly recycled or unsegregated solid waste.

Please contact of Lender Relations' Division at (216) 522-4180 if you have any questions regarding either of these notices. ♦

## Save the Date: Cleveland Matchmaker 2008!

Come and meet the following organizations to fulfill your procurement needs:

Small Businesses, Small Disadvantaged and 8(a) Certified Companies,  
HubZone Certified Companies, Service-Disabled  
Veteran-Owned Businesses, Women-Owned Businesses

*Sponsored by the Urban League of Greater Cleveland  
In Cooperation with the Cleveland District Office of the  
U.S. Small Business Administration*

May 20 & 21, 2008 at Progressive Field

To register please go to <https://www.clevelandb2bmatchmaker.com/bmp/>

E-mail James Duffy at [james.duffy@sba.gov](mailto:james.duffy@sba.gov) or phone him at 216-522-4169 with questions

## Geneva Manufacturer Named Ohio Small Business of the Year

**CLEVELAND – Ronald W. Clutter**, President **Nordic Air Incorporated** of Geneva, Ohio, has been named **Ohio's 2008 Small Business Person of the Year** by the U. S. Small Business Administration (SBA).

“Ron Clutter epitomizes the hard work, the risk-taking, and the creativity that are the characteristics of successful American entrepreneurs,” said Gil Goldberg, District Director of SBA’s Cleveland District Office. “These are the qualities that make small businesses such a powerful force in the American economy, and these are the qualities that make Ron the State of Ohio’s Small Business Person of the Year.”

Mr. Goldberg noted that nominees for this award are judged on seven criteria: staying power; growth in number of employees; increase in sales and/or unit volume; strong current and past financial reports; innovativeness of product or service offered; response to adversity; and contributions by nominee to aid community-oriented projects.

Nordic Air Incorporated designs and manufactures special purpose industrial cooling equipment. Nordic Air’s product line includes portable and industrial air conditioning units, as well as power, filter and compressor units. Its products are designed to operate in extreme climates, from desert regions with extreme dust and temperatures as high as 160 degrees, to the corrosive environments found within steel mills.

Nordic Air has designed and developed Environmental Control Units for use by the United States military in desert regions of the world, including Iraq. The units were created to meet the special needs of protecting military equipment and personnel from extremely harsh environments. Its decision to pursue military applications paid off in 2004 when Nordic Air was awarded a 5 year, \$45 million Marine Corps contract.

Nordic Air has achieved amazing growth over the past six years. Employing just 30 people in 2002 in a 15,000 square foot facility, Nordic Air today employs 225 in a sprawling 185,000 square foot complex. The firm expects to add 30-50 employees and another 75,000 square feet of production space by the summer of 2008. “This year we are delighted to recognize Ron Clutter and Nordic Air’s significant contribution to the economy of Northeast Ohio”, Mr. Goldberg added. “Ron exemplifies entrepreneurship at its best.”

The President of the United States designates one week each year as National Small Business Week in recognition of the small business community’s contribution to the American economy. This celebration honors the estimated 26 million small businesses in America that employ half of the country’s private work force, create 60 to 80 percent of net new jobs annually, and generate a majority of American innovations. To obtain contact information on the company, or for more information about Small Business Week, please call SBA’s Cleveland District Office at (216) 522-4180, ext. 215.♦

## SBA Honors Exporter and Small Business Champions

**CLEVELAND – James R. Potter**, President of **J. R. Potter & Associates, Inc.** of Bay Village, Ohio, has been named **Ohio’s 2008 Small Business Exporter of the Year** by the U. S. Small Business Administration (SBA). This award honors a successful small business that is significantly engaged in exporting. J.R. Potter & Associates, Inc., an international distributor of aircraft bearing tools, fastener tools, and hydraulic system conical seals, exports products to customers located in over 60 countries across the globe.

“Exports now account for a larger percentage of U.S. GDP than at any other time in history, and small businesses are important contributors to that growth,” said Gil Goldberg, District Director of SBA’s Cleveland District Office. “It is with great pride that we offer our congratulations to Mr. Potter on this well-deserved honor.” “It’s a very great reward for simply following good business practices,” said Mr. Potter. “My recommendation for anyone wishing to sell internationally is to develop a great website, limit your financial exposure, and deal with each customer as if he were your Pastor at church.”

Championing the success of small businesses, four leaders of small business support organizations have also been recognized by SBA for their outstanding support of entrepreneurs. “The SBA is proud to honor people who are among the true champions of small business and whose tireless efforts have provided tangible and significant support to small businesses and their communities,” said Mr. Goldberg. “They provide the counseling, advice and support that small business owners need, and foster an environment in which the spirit of entrepreneurship can flourish.” Awardees are individuals that have used their professional expertise or personal talents to further the understanding and awareness of small business. These individuals have taken an active role in creating opportunities for small business. This year’s Champion awardees are:

- ♦ Financial Services Champion of the Year: Patricia Peterman Piteo, CPA, Partner, Cohen & Company
- ♦ Minority Small Business Champion of the Year: Myron F. Robinson, Sr. Advisor and Past President & CEO, the Urban League of Greater Cleveland
- ♦ Veteran Small Business Champion of the Year: Charles S. (Chad) Heyman, Sr. Supplier Diversity Coordinator, FirstEnergy Corp.
- ♦ SBDC Service Excellence and Innovation Award: William D. Auxter, Director, The Ohio Small Business Development Center (SBDC) at Terra Community College

“This year we are delighted to recognize these awardees significant contributions to the small business community of Northern Ohio”, Mr. Goldberg added. “They exemplify small business at its best.”♦

## IRS Launches Campaign to Help New Small Businesses

The Internal Revenue Service has launched a year-long campaign to help educate new self-employed small business owners about federal tax responsibilities and about filing Schedule C, Profit or Loss from Business. "One of the biggest challenges faced by people starting out in business is understanding and meeting their tax filing requirements," said Kathy Petronchak, commissioner of the IRS's Small Business/Self-Employed operating division. "It's a new, different and potentially overwhelming experience for them. We want new small business owners to know that the IRS has resources to help them learn about their federal tax responsibilities and avoid common pitfalls."

The campaign will provide new Schedule C, Profit or Loss from Business, filers with improved and updated educational materials through a variety of channels, including IRS.gov, small business workshops and other outreach events. Schedule C is filed by sole proprietors (one-owner businesses) as an attachment to their Form 1040 individual income tax return. Self-employed individuals with less complex situations – including business expenses of less than \$5,000, no net losses and no employees – may be able to file Schedule C-EZ, Net Profit for Business.

About one in seven federal income tax returns includes a Schedule C or Schedule C-EZ. Taxpayers filed over 21 million Schedules C for tax year 2006, reporting overall net profits from sole proprietorships totaling more than \$269 billion. In this introductory phase of the campaign, IRS is offering some basic tips to avoid potential problems:

- ◆ Classify workers properly as employees or independent contractors as determined by law, not the choice of the worker or business owner;
- ◆ Deposit federal employment taxes, called trust fund taxes, according to the appropriate schedule;
- ◆ Start making quarterly estimated quarterly payments to cover your own income tax and social security self-employment tax liability;
- ◆ Keep good records to protect your personal and financial investment and to make tax filing easier;

## Every Day is Earth Day for Small Business

### *Small Businesses Address Environmental Challenges*

In a happy confluence of events, Earth Day falls during National Small Business Week this year. This convergence highlights that fact that small businesses are America's environmental stewards. "Every day is Earth Day for small business," said Chief Counsel for Advocacy, Thomas M. Sullivan. "Every day small businesses endeavor to be good environmental stewards in their communities." Sullivan added, "At the same time, paperwork, and government mandates burden small business. Office of Advocacy research shows that the smallest of businesses annually spend 45 percent more per employee to comply with federal government regulations than their larger counterparts do."

Nonetheless, Sullivan noted that small business innovation protects the environment. "Our research indicates that small innovative firms produce 13 times more patents per employee than large patterning firms do. Their innovative practices often yield environmentally friendly products and technologies," he said. Sullivan concluded that, "Whether it is health care, energy policy, or environmental protection, government is better off when we look to small business for answers." Recently, Advocacy's Regulatory Review and Reform (r3) initiative tapped into small business expertise and recommended 10 ways that government can ease the disproportionate regulatory burden. One recommendation is for the U.S. Environmental Protection Agency (EPA) to update its standards to reward new environmentally friendly methods used by small dry cleaners. Another is for EPA to allow manufacturers to recycle more of certain solid wastes. For a complete description of the r3 initiative and the small business recommendations for regulatory review and reform, visit [www.sba.gov/advo/r3](http://www.sba.gov/advo/r3). And, for National Small Business Week information visit [www.NationalSmallBusinessWeek.com](http://www.NationalSmallBusinessWeek.com).

The Office of Advocacy, the "small business watchdog" of the federal government, examines the role and status of small business in the economy and independently represents the views of small business to federal agencies, Congress, and the President. It is the source for small business statistics presented in user-friendly formats, and it funds research into small business issues. The Office of Advocacy of the U.S. Small Business Administration (SBA) is an independent voice for small business within the federal government. The presidentially appointed Chief Counsel for Advocacy advances the views, concerns, and interests of small business before Congress, the White House, federal agencies, federal courts, and state policy makers. For more information, visit [www.sba.gov/advo](http://www.sba.gov/advo), or call (202) 205-6533. ♦

- ◆ Consider a tax professional to help you with Schedule C;
- ◆ File and pay your taxes electronically; it's fast, easy, and secure;
- ◆ Protect financial and tax records to ensure business continuity in the event of a disaster; and
- ◆ Avoid abusive tax avoidance schemes such as the IRS's 2008 "Dirty Dozen."

The first event in the campaign is a free national phone forum (<http://www.irs.gov/businesses/small/article/0,,id=166814,00.html>), "Calling All First Time Schedule C Filers, on May 21. It will review common pitfalls for new small businesses to avoid

To get the latest information about other events and learn about new products and services as they become available, start a FREE subscription to e-News for Small Businesses; just go to IRS.gov at <http://www.irs.gov/businesses/small/content/0,,id=154826,00.html>, type in your e-mail address and submit. ♦



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Commercial News USA, the official export promotion magazine of the U.S. Department of Commerce, is planning a special Global Appalachia section as part of the July/August 2008 issue of the magazine.

All advertisers in the Global Appalachia special section can take advantage of a special \$500 discount on ads, and advertise for as little as \$395 (a \$1095 value). All advertisers also will receive a free upgrade to color.

Full and half page advertisers have the option of a discounted rate on a single page or a 2-for-1 offer that includes a free full or half page for an advertorial write-up. Rates are net.

The guide is being produced in partnership with the U.S. Commercial Service, part of the U.S. Commerce Department, and will provide an opportunity for exporters to promote their products, services and investment opportunities to 400,000 readers in 176 countries.

The Global Appalachia special section will spotlight products and services from companies located in a 200,000-square-mile region that follows the spine of the Appalachian Mountains from southern New York to northern Mississippi.

The special section will provide qualifying companies with a unique international vehicle for reaching international buyers. It also will offer states an opportunity to promote foreign direct investment and tourism.

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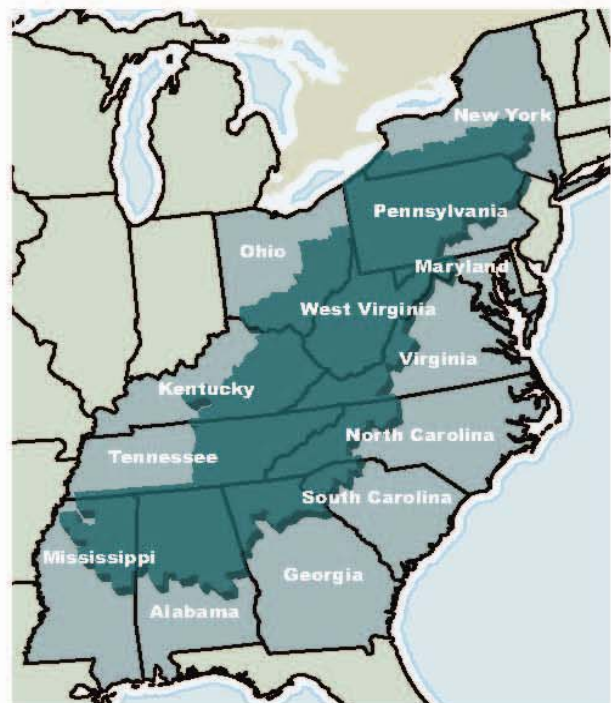
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- 2-for-1 option for full and half page advertisers that includes writing and design of a news-style "advertorial" for free.
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